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8 January 1960

Briefing for General Accounting Office Representatives

Colonel L. K. White
Mr. H. Gates Lloyd
Mr. [REDACTED]
Mr. Eugene Pahl - GAO
Mr. Benjamin Williams - GAO

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DOC <u>12</u>	REV DATE <u>4/03/80</u>	BY <u>018995</u>
ORIG COMP <u>30</u>	REL <u>38</u>	TYPE <u>02</u>
ORIG CLASS <u>C</u>	PAGES <u>4</u>	REV CLASS <u>C</u>
JUST <u>22</u>	NEXT REV <u>20/0</u>	AUTH: KB 10-2

25X1A9a 1. Colonel White opened the meeting by noting that according to word he had received from [REDACTED] there appeared to be a misunderstanding between the GAO auditors and ourselves as to certain areas of audit. In view of this, he said he had called the meeting so that he might clarify these matters and noted that this was particularly important at this early date in the new GAO audit program in the Agency.

2. Colonel White proceeded to outline the permissible areas of activity as seen from the standpoint of the Office of the Comptroller. He said that all vouchered activities could be reviewed and that the auditors were free to go behind the vouchers except where this would lead them into the Clandestine Services area which must remain entirely outside the scope of the auditor. This would mean that the Comptroller's office can be reviewed except for the Finance Division which he explained is totally in support of the Clandestine Services. Colonel White noted however that he had no objection to the Finance Division giving the auditors an oral briefing on their procedures and controls but that this cannot include access to any written material such as regulations, personnel guidelines, and the like.

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3. Mr. Pahl, for his part, explained that he believed that the misunderstanding had developed on the score of access to regulations and procedures which would show how the Agency exercised internal control of funds. He appeared to understand what Colonel White had said in regard to access to the Finance Division and agreed to proceed with the audit to see how it might work out. Mr. Williams referred to the Management Staff and stated that as he viewed it from what Colonel White had just said, the auditors could have access to Management reports so long as they do not deal with the sensitive or clandestine side of Agency activities. Colonel White agreed in this. Mr. Pahl raised the matter of the Inspector General functions. Colonel White said that the auditors can and should talk to the IG but that they could not have any of his reports. He closed his topic with a very brief explanation of the role of IG in this Agency as distinguished from other agencies.

4. Colonel White then discussed the relations of the Agency with Congress noting that there are four committees whom the Director briefs. He tied this in with the Director's view of his responsibility for protection of the Clandestine Services' side of our activities from outside scrutiny. He explained that the Director has full and sole responsibility in this matter and that therefore the Director had felt it necessary to set up the limitations on the GAO audit which are contained in the exchange of letters with the Comptroller General. Colonel White explained that too much knowledge of the Agency could well prove to be embarrassing to the auditors in their relationships with their other GAO colleagues. As for Mr. Samuelson, Mr. Keller and Mr. Campbell, the Comptroller General, Colonel White noted that it would be alright for Mr. Pahl to discuss his audit with them but that we must screen any written reports which Mr. Pahl might propose to forward to ensure that they do not contain any sensitive information.

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5. There then followed a discussion of how the auditors might proceed to get started into the substance of their program. In the course of this, Mr. Williams illustrated what might be a typical area of review by referring to the subject of contract procurement. Colonel White urged that the auditors start with a subject such as this since our experience with the first such topic would be useful both for the GAO and for all concerned in the Agency in illustrating how the relationship should develop.

6. Colonel White then referred to the Audit Staff and its activities. He observed that the GAO auditors should not expect to get too much by way of reports and other assistance from the Audit Staff because the Staff exists only because of the Agency's Confidential Funds. He explained that while the Audit Staff had moved relatively recently into the field of Vouchered Funds activities, this field was a relatively minor part of [REDACTED] responsibility. He said that 25X1A9a Fiscal Division audit report had been reviewed and that it had been concluded that the auditors could have access to the entirety of the report on the matter of reports generally. Colonel White said that there would be instances in which material would have to be excised from reports because of its sensitivity but that the reports would not be so modified solely because they contained comments which were critical of the activity being commented on.

7. Colonel White summarized his view of the permissible area of GAO audit activities as follows:

- a. Clandestine Services -- no review possible.
- b. DD/I -- all but ~~the~~ a very small portion, which is funded by Confidential Funds can be audited.
- c. Vouchered Funds -- all vouchers can be reviewed and within limits the auditors can go behind the vouchers to the underlined control

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d. Support Offices -- since the various support offices merge both Clandestine and Overt support responsibilities, the scope of audit will have to be worked out as we go.

8. The meeting closed on a harmonious tone as was the case through its course. Mr. Pahl and Mr. Williams expressed their thanks for the opportunity to discuss these matters and expressed their belief that the meeting had clarified many matters and that they felt a useful, if limited, audit might be performed. Colonel White assured them that they should feel free at any time to call upon him should any further difficulty develop.

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